

BONDED DEBT

? Contents

- *The City's debt obligations*
- *Overview of bond types*
- *Bond Payment Schedules*



This GIS map shows the locations surrounding the Chandler Municipal Airport. This information is compiled by various departments and indicates both residential and industrial planning to meet the needs of the airport and the community.



Chandler • Arizona
Where Values Make The Difference

BONDED DEBT OBLIGATIONS

The City of Chandler, located approximately 25 miles southeast of Phoenix, has experienced unprecedented growth over the last fifteen years. The 1985 mid-decade census for population was 63,855; the 1990-decade census was 89,862; the 1995 mid-decade census was 132,360; and the 2000 census population showed 176,581. Based on average monthly increases, Chandler's population is estimated to be 224,626 by fiscal year end 2003-04.

This extraordinary growth in turn creates a demand for infrastructure and capital projects. Citizens will need more parks, streets, water, sewer and solid waste facilities, to name a few. Financing these capital costs can be accomplished through various financing sources called "bonded debt". This includes general obligation bonds, revenue bonds, certificates of participation notes and municipal property corporation bonds.

This past May the City of Chandler received a AAA rating from Fitch Ratings for General Obligation bonds; this is the highest possible bond rating. This AAA rating was achieved due to the City's stellar financial position, sound decision-making, low debt load and diverse economic base. Chandler is one of four cities in the five-state western region to obtain the AAA rating and one of 35 U.S. cities to receive this rating. Fitch has also awarded Chandler with a AA rating for Water and Sewer bonds and a AA- rating for the Street and Highway User Revenue Fund (HURF)bonds.

These high bond ratings measure Chandler's financial management and ability to repay outstanding debt. The higher the bond rating represents a lower investment risk for potential bond buyers and lower debt costs for the City and its citizens.

Debt Management

Chandler's primary debt management objectives are to minimize the cost to taxpayers while assuring total indebtedness does not exceed available resources or Arizona legal requirements. The necessity to incur debt in order to finance the capital program carries with it the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the City's capacity to incur and repay additional debt require careful examination.

During 2002-03, the sale of bonds totaled \$36,375,000, which allows the City to build voter-authorized capital improvements for the following areas:

General Obligation Bonds:			
Parks and Recreation	\$	6,000,000	
Public Safety - Fire		5,000,000	
Streets		8,775,000	
Storm Water		1,600,000	
Subtotal			\$ 21,375,000
Revenue Bonds:			
Street Highway User		5,000,000	
Water		10,000,000	
Subtotal			15,000,000
Total Bond Sale			<u>\$ 36,375,000</u>

It should be noted that in fiscal year 2002-03 the City refunded \$16,265,000 of General Obligation bonds and \$17,400,000 of Water and Sewer Revenue bonds, saving taxpayers approximately \$2 million in long-term interest.



The following pages present: a brief description of the various bond types; legal debt limitation requirements (if any); revenue sources that are used to repay the bonded debt; and schedules with the actual principal and interest due until the year 2020.

GENERAL OBLIGATION BOND CAPACITY AVAILABLE

General obligation bonds, also referred to as GOB's, are used to finance a variety of public projects and require voter approval. These bonds are backed by the full faith and credit of the City. Limitations for bonding capacity are set by State statutes. The City's available bonding capacity for fiscal year 2003-04 is given below.

	20%	6%
Legal Bond Limit	\$ 327,675,186	\$ 98,302,556
Outstanding Bonded Debt Previously Issued	(80,710,000)	(45,475,000)
Proposed Bond Sales in Fiscal Year 2003-04	(7,228,278)	(12,701,755)
BONDING CAPACITY AVAILABLE	\$ 239,736,908	\$ 40,125,801

The 20% and 6% bonding capacity is based on an estimated secondary assessed value of \$1,638,375,932, a 22.9% increase from the fiscal year 2002-03 secondary assessed value of \$1,333,266,930. The State of Arizona uses the full cash (secondary) value of a property to compute secondary taxes, which are restricted to repay either the City's general bonded debt obligations, or for voter-approved budget overrides.

Under Arizona law, cities may issue general obligation bonds for water, wastewater, artificial light, acquisition and development of land for open space preserves, parks, playground, and recreation facilities up to an amount not exceeding 20% of secondary assessed value.

Cities may also issue general obligation bonds for all other purposes (e.g. library, streets, public safety) not included in the 20% debt margin category up to an amount not exceeding 6% of the secondary assessed value.

It is anticipated that \$19,930,033 general obligation bonds will be sold during 2003-04 in order to fund the following projects.

Streets	\$ 10,323,650	
Police	50,000	
Fire	<u>2,328,105</u>	
Subtotal 6% GOB		\$ 12,701,755
Parks	5,682,778	
Storm Water	<u>1,545,500</u>	
Subtotal 20% GOB		<u>7,228,278</u>
Grand Total		<u><u>\$ 19,930,033</u></u>

The following pages present a breakdown of the principal and interest payments for all City bond issues.

**ANNUAL BOND OBLIGATION FOR ALL
EXISTING BOND ISSUES**

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	18,074,500	16,892,938	34,967,438
July 1, 2005	18,799,500	16,128,904	34,928,404
July 1, 2006	18,139,500	15,621,589	33,761,089
July 1, 2007	18,719,500	15,090,712	33,810,212
July 1, 2008	19,259,500	14,553,645	33,813,145
July 1, 2009	21,445,000	11,431,691	32,876,691
July 1, 2010	23,530,000	9,040,119	32,570,119
July 1, 2011	21,390,000	7,903,386	29,293,386
July 1, 2012	21,015,000	6,870,223	27,885,223
July 1, 2013	25,630,000	5,867,040	31,497,040
July 1, 2014	21,925,000	4,643,626	26,568,626
July 1, 2015	22,905,000	3,532,580	26,437,580
July 1, 2016	20,925,000	2,401,519	23,326,519
July 1, 2017	15,440,000	1,401,619	16,841,619
July 1, 2018	7,670,000	667,600	8,337,600
July 1, 2019	5,835,000	309,750	6,144,750
July 1, 2020	905,000	45,250	950,250
TOTAL	\$ 301,607,500	\$ 132,402,191	\$ 434,009,691

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 18,074,500	\$ 16,892,938	\$ 34,967,438
Maximum Requirement	2004	18,074,500	16,892,938	34,967,438

⁽¹⁾ Actual Payments are made one day prior to maturity date.

SCHEDULE OF TOTAL OUTSTANDING DEBT

	Original Issue	Outstanding 7/1/2003	2003-04		
			Principal	Interest	Payment
Revenue Bonds					
Highway User Revenue:					
Series 1991	6,130,000	855,000	0	78,019	78,019
Series 1992	11,175,000	1,250,000	1,250,000	85,938	1,335,938
Series 1993	2,500,000	800,000	0	48,000	48,000
Series 1994	5,750,000	1,100,000	0	88,000	88,000
Series 1996	6,550,000	5,450,000	175,000	282,488	457,488
Series 1996B	1,250,000	1,250,000	0	72,975	72,975
Series 1997	5,280,000	5,130,000	25,000	284,200	309,200
Series 1998	5,715,000	4,750,000	225,000	227,788	452,788
Series 1999	3,300,000	2,650,000	125,000	116,750	241,750
Series 2000	2,250,000	1,950,000	75,000	111,525	186,525
Series 2001	6,830,000	5,975,000	235,000	278,336	513,336
Refunding Series 2002	10,540,000	10,540,000	0	359,169	359,169
Series 2003	5,000,000	5,000,000	0	222,083	222,083
	72,270,000	46,700,000	2,110,000	2,255,270	4,365,270
Water:					
Series 1994	5,150,000	2,105,000	0	168,400	168,400
Series 1996	16,890,000	400,000	0	29,000	29,000
Refunding Series 1997	7,770,000	4,235,000	40,000	225,481	265,481
Series 1998	10,330,000	3,055,000	95,000	157,288	252,288
Series 1999	5,985,000	5,710,000	275,000	260,590	535,590
Series 2000	3,000,000	1,200,000	137,500	68,069	205,569
Series 2001	12,500,000	2,340,360	101,520	107,472	208,992
Refunding Series 2001	26,145,000	19,978,048	2,315,480	908,588	3,224,068
Refunding Series 2002	10,970,000	8,802,750	288,750	379,820	668,570
Refunding Series 2003	17,830,000	8,375,000	260,000	369,075	629,075
Series 2003	10,000,000	10,000,000	150,000	359,768	509,768
	126,570,000	66,201,158	3,663,250	3,033,551	6,696,801
Sewer:					
Series 1994	5,150,000	45,000	0	3,600	3,600
Series 1996	16,890,000	990,000	0	71,775	71,775
Refunding Series 1997	7,770,000	3,010,000	35,000	160,194	195,194
Series 1998	10,330,000	7,275,000	235,000	374,975	609,975
Series 2000	3,000,000	1,200,000	137,500	68,069	205,569
Series 2001	12,500,000	8,494,640	368,480	390,084	758,564
Refunding Series 2001	26,145,000	3,101,952	359,520	141,075	500,595
Jr. Lien, Series 2002	13,525,000	11,700,000	1,515,000	411,770	1,926,770
Refunding Series 2002	10,970,000	1,867,250	61,250	80,568	141,818
Refunding Series 2003	17,830,000	9,455,000	290,000	416,696	706,696
	124,110,000	47,138,842	3,001,750	2,118,805	5,120,555
Solid Waste:					
Series 1996	1,700,000	1,350,000	75,000	76,219	151,219
Series 1998	1,700,000	1,450,000	50,000	76,250	126,250
	3,400,000	2,800,000	125,000	152,469	277,469
Total Revenue Bonds	326,350,000	162,840,000	8,900,000	7,560,094	16,460,094

SCHEDULE OF TOTAL OUTSTANDING DEBT

	Original Issue	Outstanding 7/1/2003	2003-04		
			Principal	Interest	Payment
General Obligation Bonds					
General & Utility Funds:					
Refunding Series 1992	25,285,000	11,595,000	2,525,000	3,175,000	5,700,000
GO Series 1993	9,850,000	2,275,000	0	167,781	167,781
GO Series 1994	8,275,000	1,450,000	0	116,000	116,000
GO Series 1996	6,650,000	1,225,000	150,000	80,000	230,000
GO Series 1996B	8,205,000	1,905,000	0	137,838	137,838
Refunding Series 1997	9,730,000	6,705,000	100,000	340,281	440,281
GO Series 1998	3,590,000	3,100,000	175,000	153,319	328,319
GO Series 1999	6,950,000	6,950,000	0	332,394	332,394
GO Series 2000	8,520,000	8,520,000	0	498,138	498,138
GO Series 2001	8,040,000	8,040,000	0	387,409	387,409
Refunding Series 2001	17,225,000	15,180,000	1,770,000	678,895	2,448,895
GO Series 2002	23,000,000	21,600,000	2,325,000	958,375	3,283,375
GO Series 2003	21,375,000	21,375,000	1,200,000	663,508	1,863,508
Refunding Series 2003	16,265,000	16,265,000	0	759,464	759,464
Total General Obligation Bonds	172,960,000	126,185,000	8,245,000	8,448,401	16,693,401
Municipal Property Corporation:					
Series 1995	20,150,000	11,035,000	825,000	813,045	1,638,045
Total Municipal Property Corporation	20,150,000	11,035,000	825,000	813,045	1,638,045
Improvement District Bonds:					
Series 1997 - ID No. 88	145,000	47,500	9,500	2,405	11,905
Series 1999 - ID No. 89	1,760,000	1,500,000	95,000	68,994	163,994
Total Improvement District Bonds	1,905,000	1,547,500	104,500	71,398	175,898
Total Bonded Debt	521,365,000	301,607,500	18,074,500	16,892,938	34,967,438

**COMBINED GENERAL OBLIGATION BONDS
6% CAPACITY PORTION OUTSTANDING**

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	3,950,000	1,994,383	5,944,383
July 1, 2005	3,875,000	1,792,361	5,667,361
July 1, 2006	2,400,000	1,678,205	4,078,205
July 1, 2007	2,525,000	1,596,268	4,121,268
July 1, 2008	2,550,000	1,509,155	4,059,155
July 1, 2009	5,120,000	1,414,093	6,534,093
July 1, 2010	7,060,000	1,140,679	8,200,679
July 1, 2011	5,370,000	777,854	6,147,854
July 1, 2012	4,340,000	550,684	4,890,684
July 1, 2013	5,865,000	356,965	6,221,965
July 1, 2014	1,155,000	96,995	1,251,995
July 1, 2015	295,000	56,771	351,771
July 1, 2016	310,000	42,906	352,906
July 1, 2017	325,000	28,956	353,956
July 1, 2018	335,000	14,656	349,656
TOTAL	\$ 45,475,000	\$ 13,050,931	\$ 58,525,931

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 3,950,000	\$ 1,994,383	\$ 5,944,383
Maximum Requirement	2010	7,060,000	1,140,679	8,200,679

⁽¹⁾ Actual Payments are made one day prior to maturity date.

**COMBINED GENERAL OBLIGATION BONDS
20% CAPACITY PORTION OUTSTANDING**

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	4,295,000	6,454,018	10,749,018
July 1, 2005	4,205,000	6,487,585	10,692,585
July 1, 2006	4,105,000	6,588,748	10,693,748
July 1, 2007	4,065,000	6,621,673	10,686,673
July 1, 2008	3,995,000	6,680,998	10,675,998
July 1, 2009	3,110,000	4,191,960	7,301,960
July 1, 2010	2,635,000	2,672,905	5,307,905
July 1, 2011	3,435,000	2,542,568	5,977,568
July 1, 2012	3,545,000	2,374,208	5,919,208
July 1, 2013	6,640,000	2,199,221	8,839,221
July 1, 2014	8,185,000	1,893,529	10,078,529
July 1, 2015	9,400,000	1,526,378	10,926,378
July 1, 2016	7,680,000	1,071,418	8,751,418
July 1, 2017	6,660,000	734,313	7,394,313
July 1, 2018	4,070,000	436,219	4,506,219
July 1, 2019	3,780,000	229,500	4,009,500
July 1, 2020	905,000	45,250	950,250
TOTAL	\$ 80,710,000	\$ 52,750,487	\$ 133,460,487

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 4,295,000	\$ 6,454,018	\$ 10,749,018
Maximum Requirement	2015	9,400,000	1,526,378	10,926,378

⁽¹⁾ Actual Payments are made one day prior to maturity date.

**COMBINED GENERAL OBLIGATION BONDS
ENTERPRISE SUPPORTED**

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	1,770,000	721,785	2,491,785
July 1, 2005	1,955,000	644,469	2,599,469
July 1, 2006	2,035,000	558,256	2,593,256
July 1, 2007	2,115,000	463,806	2,578,806
July 1, 2008	2,195,000	365,756	2,560,756
July 1, 2009	2,305,000	269,344	2,574,344
July 1, 2010	2,430,000	162,025	2,592,025
July 1, 2011	1,040,000	49,400	1,089,400
TOTAL	\$ 15,845,000	\$ 3,234,841	\$ 19,079,841

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 1,770,000	\$ 721,785	\$ 2,491,785
Maximum Requirement	2005	1,955,000	644,469	2,599,469

⁽¹⁾ Actual Payments are made one day prior to maturity date.

**COMBINED GENERAL OBLIGATION BONDS
AD VALOREM SUPPORTED**

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	6,475,000	7,726,616	14,201,616
July 1, 2005	6,125,000	7,635,478	13,760,478
July 1, 2006	4,470,000	7,708,696	12,178,696
July 1, 2007	4,475,000	7,754,134	12,229,134
July 1, 2008	4,350,000	7,824,396	12,174,396
July 1, 2009	5,925,000	5,336,709	11,261,709
July 1, 2010	7,265,000	3,651,559	10,916,559
July 1, 2011	7,765,000	3,271,021	11,036,021
July 1, 2012	7,885,000	2,924,891	10,809,891
July 1, 2013	12,505,000	2,556,186	15,061,186
July 1, 2014	9,340,000	1,990,524	11,330,524
July 1, 2015	9,695,000	1,583,149	11,278,149
July 1, 2016	7,990,000	1,114,324	9,104,324
July 1, 2017	6,985,000	763,269	7,748,269
July 1, 2018	4,405,000	450,875	4,855,875
July 1, 2019	3,780,000	229,500	4,009,500
July 1, 2020	905,000	45,250	950,250
TOTAL	\$ 110,340,000	\$ 62,566,577	\$ 172,906,577

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 6,475,000	\$ 7,726,616	\$ 14,201,616
Maximum Requirement	2013	12,505,000	2,556,186	15,061,186

⁽¹⁾ Actual Payments are made one day prior to maturity date.

WATER AND SEWER REVENUE BONDS

Revenue bonds are payable from a specific source of revenue and do not affect the property tax rate. Pledged revenue may be derived from operations, grants, and excise or other specified revenue source. Currently, all proceeds from the sale of these bonds are used to improve and extend the existing municipal water and wastewater systems. This includes the construction or improvement of transmission lines, wells, storage, and pumping facilities. Funds are also used to acquire, improve and install wastewater treatment and effluent reuse facilities.

The City has established a coverage ratio of 1:2 for water and sewer revenue bonds. Therefore, the utility operating revenues need to exceed the maximum annual water and sewer revenue bond debt service cost by a 1:2 ratio. The annual debt service payment is paid from water and sewer use fees or system development fees. During fiscal year 2002-03 the City refunded \$17,400,000 in water and sewer revenue bonds, saving taxpayers approximately \$1 million in long-term interest.

COMBINED WATER AND SEWER REVENUE BONDS OUTSTANDING

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	6,665,000	5,152,356	11,817,356
July 1, 2005	7,490,000	4,779,313	12,269,313
July 1, 2006	7,775,000	4,497,450	12,272,450
July 1, 2007	8,095,000	4,196,118	12,291,118
July 1, 2008	8,430,000	3,878,280	12,308,280
July 1, 2009	8,775,000	3,548,905	12,323,905
July 1, 2010	9,160,000	3,169,468	12,329,468
July 1, 2011	7,625,000	2,763,330	10,388,330
July 1, 2012	7,855,000	2,449,553	10,304,553
July 1, 2013	8,145,000	2,111,718	10,256,718
July 1, 2014	8,390,000	1,726,936	10,116,936
July 1, 2015	8,785,000	1,240,509	10,025,509
July 1, 2016	9,320,000	798,484	10,118,484
July 2, 2017	5,785,000	335,119	6,120,119
July 1, 2018	1,045,000	47,025	1,092,025
TOTAL ⁽²⁾	\$ 113,340,000	\$ 40,694,561	\$ 154,034,561

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 6,665,000	\$ 5,152,356	\$ 11,817,356
Maximum Requirement	2010	9,160,000	3,169,468	12,329,468

⁽¹⁾ Actual Payments are made one day prior to maturity date.

⁽²⁾ Total includes principal and interest payments on Series 2002 Subordinate Lien Water & Sewer Revenue Bonds.

SOLID WASTE REVENUE BONDS

These revenue bonds are payable from a specific source of revenue and do not affect the property tax rate. Bond proceeds are used to improve the City's solid waste collection, treatment and recycling, waste transfer, waste reduction, and landfill systems.

Bonds are payable primarily from a monthly residential collection fee. Although commercial waste can be delivered to the landfill, payment of principal and interest are not dependent on strong tipping fee collections.

SOLID WASTE REVENUES BONDS OUTSTANDING

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	125,000	152,469	277,469
July 1, 2005	150,000	143,688	293,688
July 1, 2006	150,000	133,281	283,281
July 1, 2007	150,000	123,906	273,906
July 1, 2008	175,000	115,188	290,188
July 1, 2009	175,000	106,063	281,063
July 1, 2010	200,000	96,938	296,938
July 1, 2011	200,000	86,563	286,563
July 1, 2012	225,000	76,188	301,188
July 1, 2013	225,000	64,469	289,469
July 1, 2014	225,000	52,750	277,750
July 1, 2015	250,000	41,031	291,031
July 1, 2016	275,000	28,063	303,063
July 1, 2017	275,000	13,750	288,750
TOTAL	\$ 2,800,000	\$ 1,234,344	\$ 4,034,344

	<i>Year</i>	<i>Principal</i>		<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 125,000	\$	152,469	\$ 277,469
Maximum Requirement	2016	275,000		28,063	303,063

⁽¹⁾ Actual Payments are made one day prior to maturity date.

STREET AND HIGHWAY USER REVENUE BONDS

This type of revenue bond is used solely for street and highway improvements. The proceeds from the sale of these bonds are used for the purpose of improving, constructing and reconstructing the major streets, arterial collectors and local streets within the City.

The limitation imposed by State law requires that the maximum amount of highway users revenue used for debt servicing of revenue bonds shall not exceed 50% of the revenue from that source for the past twelve month period. The annual debt service is paid from Highway User Revenue Taxes collected by the state and distributed to all Arizona cities and towns.

STREET AND HIGHWAY USER REVENUE BONDS OUTSTANDING

<i>Maturity Date ⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	2,110,000	2,255,270	4,365,270
July 1, 2005	2,095,000	2,104,430	4,199,430
July 1, 2006	2,645,000	1,969,030	4,614,030
July 1, 2007	2,740,000	1,872,389	4,612,389
July 1, 2008	2,885,000	1,769,856	4,654,856
July 1, 2009	2,970,000	1,656,101	4,626,101
July 1, 2010	3,100,000	1,536,566	4,636,566
July 1, 2011	3,250,000	1,406,309	4,656,309
July 1, 2012	3,435,000	1,205,234	4,640,234
July 1, 2013	3,625,000	1,040,654	4,665,654
July 1, 2014	3,820,000	862,254	4,682,254
July 1, 2015	4,015,000	664,091	4,679,091
July 1, 2016	3,340,000	460,649	3,800,649
July 1, 2017	2,395,000	289,481	2,684,481
July 1, 2018	2,220,000	169,700	2,389,700
July 1, 2019	2,055,000	80,250	2,135,250
TOTAL	\$ 46,700,000	\$ 19,342,264	\$ 66,042,264

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 2,110,000	\$ 2,255,270	\$ 4,365,270
Maximum Requirement	2014	3,820,000	862,254	4,682,254

⁽¹⁾ Actual Payments are made one day prior to maturity date.

MUNICIPAL PROPERTY CORPORATION BONDS

Municipal Property Corporation (MPC) bonds are a mechanism used to finance capital improvements over a number of years. Unlike other City bond issuances, MPC bonds do not require voter authorization. The City of Chandler has pledged anticipated future revenues for redemption of MPC debt.

In 1995, Municipal Property Corporation Certificates of Participation were issued in the amount of \$20,150,000 for the purpose of providing water and sewer service to accommodate the Intel FAB12 expansion. These bonds also do not require voter authorization. For fiscal year 2003-04, \$11,035,000 in principal is outstanding along with interest payments of \$4,856,000. Water and sewer user fees, generated primarily by Intel, are pledged for bond redemption rather than excise taxes.

MUNICIPAL PROPERTY CORPORATION COMBINED BOND ISSUES

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	825,000	813,045	1,638,045
July 1, 2005	875,000	755,295	1,630,295
July 1, 2006	950,000	694,045	1,644,045
July 1, 2007	1,025,000	625,170	1,650,170
July 1, 2008	1,100,000	550,858	1,650,858
July 1, 2009	1,175,000	471,108	1,646,108
July 1, 2010	1,250,000	385,920	1,635,920
July 1, 2011	1,375,000	295,295	1,670,295
July 1, 2012	1,475,000	189,420	1,664,420
July 1, 2013	985,000	75,845	1,060,845
TOTAL	\$ 11,035,000	\$ 4,856,000	\$ 15,891,000

	<i>Year</i>	<i>Principal</i>		<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 825,000	\$	813,045	\$ 1,638,045
Maximum Requirement	2011	1,375,000		295,295	1,670,295

⁽¹⁾ Actual Payments are made one day prior to maturity date.

IMPROVEMENT DISTRICT BONDS

Improvement Districts are generally formed only by property owners in designated areas within the City in which they must agree to be assessed for the repayment of the costs of constructing improvements, which benefit the owner's property. Improvement District bonds are secured by a lien on the property and improvements of all parcels of each district. Improvement District bonds are typically issued to finance local streets and water or sewer improvements.

There is no statutory debt limit or legal limit to the amount of improvement district bonds that may be issued.

IMPROVEMENT DISTRICT BONDS OUTSTANDING

<i>Maturity Date⁽¹⁾</i>	<i>Bonds Payable</i>	<i>Interest Payable</i>	<i>Fiscal Total</i>
July 1, 2004	104,500	71,398	175,898
July 1, 2005	109,500	66,233	175,733
July 1, 2006	114,500	60,830	175,330
July 1, 2007	119,500	55,189	174,689
July 1, 2008	124,500	49,311	173,811
July 1, 2009	120,000	43,463	163,463
July 1, 2010	125,000	37,644	162,644
July 1, 2011	135,000	31,469	166,469
July 1, 2012	140,000	24,938	164,938
July 1, 2013	145,000	18,169	163,169
July 1, 2014	150,000	11,163	161,163
July 1, 2015	160,000	3,800	163,800
TOTAL	\$ 1,547,500	\$ 473,605	\$ 2,021,105

	<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Fiscal Total</i>
This Year's Requirement	2004	\$ 104,500	\$ 71,398	\$ 175,898
Maximum Requirement	2004	104,500	73,922	175,898

⁽¹⁾ Actual Payments are made one day prior to maturity date.